



December 30, 2024

California Energy Commission  
Docket No. 24-IEPR-01  
715 P Street  
Sacramento, CA 95814

Re: Draft Integrated Energy Policy Report 2024 Update – California Hydrogen Business Council Comment

Dear Commission:

The California Hydrogen Business Council (CHBC) writes to comment on the Commission's Draft Integrated Energy Policy Report (IEPR) Update, which came out on November 26, 2024. CHBC's main request is that the forecast model electricity demand necessary to satisfy hydrogen demand.

The report notes that retail hydrogen is at \$34/kg in Oct 2024, a doubling in price since 2024, which hampers the demand for hydrogen as a transportation fuel. The report also says there is a high level of uncertainty in forecasting electricity demand for hydrogen production. It concludes that the forecast does not currently model electricity demand necessary to satisfy hydrogen demand due to these uncertainties.

Hydrogen as a light duty transportation fuel has been limited, with 44 retail fueling stations currently operating in the state. This is nowhere near the only demand for hydrogen, however. There are hundreds of medium and heavy-duty transit buses that are either already running routes in California or on order – San Mateo County Transit District alone recently ordered 108 buses to serve customers in the Bay Area. The state has also continued to support medium and heavy-duty trucks, including through incentives at the Air Resources Board in the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP). These incentives are competitive, with the Standard HVIP funding fully subscribed, reflecting the high demand for

hydrogen fuel cell-powered trucks and buses, which have range and cost advantages over their battery electric counterparts. In addition, there will be demand for hydrogen from other sectors, including marine, rail, and airline fuels. Finally, the ARCHES Hub will receive \$1.2 billion to ramp up the hydrogen sector in California, and this investment's impact should be evaluated as well.

Outside of demand in the transportation sector, there will be demand for hydrogen in its power applications. The state's Investor-Owned Utilities have to serve blends of up to 20 percent hydrogen into their natural gas portfolios, which will create significant demand. Additionally, So Cal Gas's Angeles Link proposal could significantly increase hydrogen production in Southern California.

CHBC strongly encourages the CEC to model electricity demand that will be due to expected hydrogen production. Without this modeling, the IEPR overlooks a significant resource that can help address the state's transportation and power needs, and would skew accurately forecasting of state electricity demand, the point of the IEPR exercise.

Sincerely,

Tim McRae

Vice President for Public Affairs

California Hydrogen Business Council

[tmcrae@californiahydrogen.org](mailto:tmcrae@californiahydrogen.org)

(916) 995-9685